



Press Release



Cambodia GDP Projected to Grow 8.7-percent in 2011: EIC

Phnom Penh, 21 July, 2011 – After a solid recovery in 2010, Cambodia’s Gross Domestic Product (GDP) is projected to grow 8.7-percent in 2011, thanks to accelerating growth in the textile and garment sub-sector, according to the latest Cambodia Economic Watch, a special bi-annual report jointly published by the Economic Institute of Cambodia (EIC) and Economics Today magazine (ETM).

Computed through its own economic model, EIC’s growth projection for 2011 is the most optimistic forecast to date. While the Royal Government of Cambodia (RGC) forecast a 6.0-percent growth rate year-on-year in 2011, the Asian Development Bank (ADB), the International Monetary Fund (IMF), and the World Bank (WB) all predicted that the Cambodian economy will grow 6.5 percent this year.

According to EIC, the textile and garment sub-sector—which covers clothing, shoes, and textile products—will help push economic growth, re-asserting its role as the country’s growth engine.

“We project a 21.1-percent growth in the garment and textile sub-sector in 2011, which will significantly contribute to Cambodia’s GDP growth,” said Khin Pisey, an EIC researcher and one of the lead authors of the report.

“The export value of garment and textile products in the first four months of this year has been much higher than last year. This is a solid base for the growth of total exports at the end of this year and we do not foresee a drop in exports in the coming months,” he added.

According to customs and excise data, the export value of textile and garment products—including clothing, shoes, and textile products—jumped 44 percent in the first four months of this year in comparison to the same period last year.

The trend of 12-month accrued value of exports has also risen sharply since the end of 2009—adding up to more than US\$3.3 billion in April 2011—and is unlikely to go down in the next few months, explained Khin Pisey.

Rising import quantity of fabric is another indication of further growth of garment and textile exports.

“Garment and textile factories have to import fabric a few months in advance to fulfill their purchasing orders,” explained Khin Pisey. “So, increasing imports of fabrics reflect higher volume of exports in the future.”

The trend of 12-month accrued volume of fabric imports has also been on the rise, and as of April 2011 the import quantity of fabric increased by 26 percent year-on-year.

The industry sector, which will grow 15.8 percent according to EIC’s predictions, will also be boosted by rising production and investment in the food manufacturing (especially milled rice) and rubber manufacturing sub-sectors.

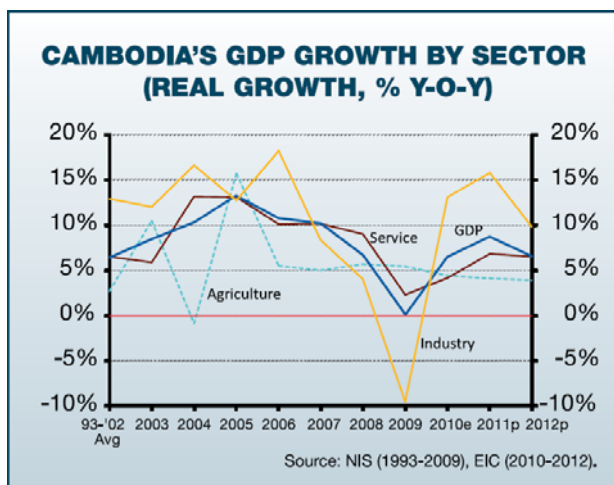
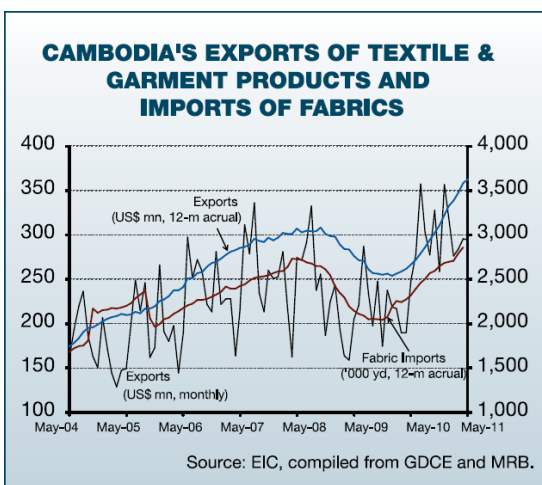
The agriculture sector is projected to grow at a relatively stable rate of 4.1 percent in 2011. After several years of high growth in paddy and industrial crops production, growth rate in those sub-sectors is expected to slow down in the medium term as agricultural production capacity is approaching its limits.

The service sector is projected to grow 6.9 percent this year, thanks to a rebound in tourist arrivals, solid performance of the finance sub-sector, and growth in the transport and communications sub-sector.

This year, beleaguered sub-sectors include fisheries, construction, and real estate, which are expected to record lackluster growth rates of 0.7 percent, 1.9 percent and 1.3 percent respectively.

CAMBODIA'S GDP ESTIMATION BY PEER INSTITUTIONS (% CHANGE, Y-O-Y)			
Institution	2010e	2011p	2012p
EIC	6.5	8.7	6.6
RGC	5.9	6.0	6.5
ADB	6.3	6.5	6.8
IMF	6.0	6.5	6.5
WB	6.7	6.5	6.5

Source: EIC: Economic Institute of Cambodia, retrieved from EIC's model; RGC: Royal Government of Cambodia, retrieved from MEF's website on June 29, 2011; ADB: Asian Development Bank, "Asian Development Outlook", 2011; IMF: International Monetary Fund, "World Economic Outlook", April 2011; WB: World Bank, "East Asia and Pacific Economic Update", March 2011.



About the Economic Institute of Cambodia:

Founded in 2003, the Economic Institute of Cambodia is an independent economic think tank. The institute's expertise includes macro-economic analysis, economic forecast modeling, baseline survey and market research, and business development.

About the Cambodia Economic Watch:

The Cambodia Economic Watch report has been published by EIC since 2004, thanks to the support of the World Bank until 2009. Since then, EIC has continued to publish Cambodia Economic Watch in collaboration with Economics Today magazine. The lead authors of Cambodia Economic Watch are Mr. Neou Seiha, researcher, and Mr. Khin Pisey, researcher.

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